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WEEKLY SUMMARY

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(Information as of noon EST, 26 November 1969)

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SECRET**FAR EAST**

Communist delegates to the Paris peace talks have reacted to Ambassador Lodge's resignation by asserting that US policy, not personalities, is what counts. Although the response to the resignation has been in low key, there are some signs that Hanoi does not want to let the talks languish and is concerned that the US intends to downgrade them.

The Communists appear to be preparing to expand their military efforts in both Vietnam and Laos within the next month or so. The strategy in Vietnam appears to be to sustain pressure against allied forces over a wide area of South Vietnam to frustrate the orderly transfer of responsibilities from US to South Vietnamese forces and to create a climate for further allied concessions. In Laos, the enemy has steadily been increasing the level of military activity in the north and the south. Poor weather has forced a substantial cutback in the intensive air bombardment of enemy supply lines in the north, thus permitting the Communists to get badly needed supplies to their forces near the Plaine des Jarres. In the south, the enemy is planning another round of attacks against government positions in the Muong Phalane area.

The Communists are trying to portray the Chinese road building program in northwest Laos as an entirely Lao Communist effort.

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Prime Minister Souvanna might, however, elect to accept the road building in the Nam Beng Valley as Lao rather than Chinese activity in order to head off a diplomatic clash with China.

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It now appears that either major party could win the New Zealand parliamentary elections on 29 November. The opposition Labor Party even holds a very slight edge over the ruling National Party in one recent national poll. There are no controversial issues in the campaign, and personalities will probably determine the outcome of the voting.

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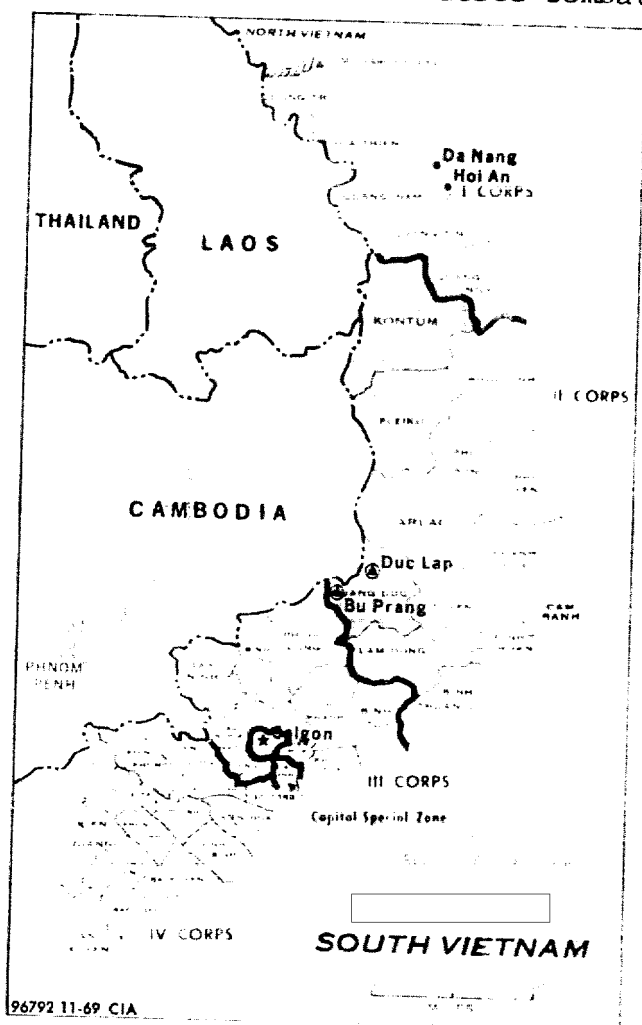
VIETNAM

The Communists' month-old "winter-spring" campaign continues to sputter along. Thus far, there has been an increase in enemy pressure on South Vietnamese forces in southern II Corps as well as in scattered sections of the Mekong Delta. Actions have been generally light elsewhere.

Enemy battle losses have been high in some areas even though most Communist main-force combat

units have not been committed to the campaign. For example, more than 1,200 enemy troops reportedly have been killed on the Bu Prang - Duc Lap battlefield since that action began in late October. In the Demilitarized Zone area, nearly 200 of the enemy were killed in a prolonged battle late last week, and another 200 lost their lives during three days of fighting to the south of Hoi An. The Communists also lost large food and munitions stockpiles, which may delay some planned enemy operations in I Corps.

Although this year's seasonal campaign got off to a rather slow and deliberate start, many signs now point to somewhat heavier action next month and early in 1970.



Many of the enemy's forces in the northern provinces will generally limit their operations to defending base areas, according to this source.

as in past major offensives, the campaign will

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consist of several phases.

the different phases may not necessarily be closely coordinated country-wide. Such a strategy would have the over-all effect of sustained enemy pressure against allied forces in an attempt to frustrate the orderly transfer of responsibility for prosecuting the war from US to South Vietnamese forces and to create a climate for new allied concessions. This follows closely the broad goals set forth in the Viet Cong leadership's Resolution 9.

Political Developments in South Vietnam

The Thieu government apparently is hardening its position toward some of its more extreme left-wing political opponents.

Meanwhile, the Saigon government is attempting to get the Lower House to act against three of its members who are accused of supporting the Communist cause. President Thieu has sent dossiers to the House on the three men, one of whom has been a leading critic of government policies. Although the government's evidence is persuasive, it is doubtful that the regime can marshal the three fourths vote required by the House to remove the deputies from office because of the currently strained relations between the legislature and the executive.

On another front, the government is attempting to alleviate popular and legislative opposition to its austerity program. After consultation with National Assembly leaders, the government reduced the tax increase announced last month on a number of imported goods. Government economic officials and Assembly leaders had apparently reached an understanding that, if certain tax reductions were made, the Assembly would moderate its opposition to the austerity program. In keeping

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with this understanding, the Upper House has rejected a Lower House proposal to cancel all the original austerity taxes.

North Vietnamese Political Developments

Hanoi's response to the resignation of Ambassador Lodge generally has been in low key. There has been no significant commentary from Radio Hanoi in the week since his resignation was announced, and the Communist delegates in Paris have parried press questions by saying that US policy, not personalities, is what counts.

The head of Hanoi's Paris team, however, strongly challenged US charges that the Communists are responsible for the impasse in the talks. In an interview with New York Times correspondent Harrison Salisbury, Xuan Thuy asserted that the North Vietnamese were willing to hold private talks, but that the US was not willing to talk about a political settlement. The interview may reflect concern in Hanoi that the US intends to downgrade the talks. It is the first sign in a long time that the Communists may not be willing to let the talks languish.

The interview also suggests the Communists believe the allies are vulnerable to charges that the Saigon government is the main obstacle to a negotiated

settlement. Most of Thuy's comments placed the blame for lack of progress in the talks on Saigon. He underscored the point by saying that Hanoi was prepared to discuss a political settlement without the Provisional Revolutionary Government and implied clearly that the US ought to be willing to do so without Saigon.

Thuy also touched on the question of Laos, but apparently only in vague terms. His suggestion that it might be time for a Geneva-type conference of the signatories of the 1962 agreements could mean that the North Vietnamese are toying with some new diplomatic initiative on Laos. The North Vietnamese chargé in Laos has been in Hanoi for consultations during the past month and his absence could be connected with such a move. Thus far, however, there are no signs that Thuy's remarks on Laos carried special significance.

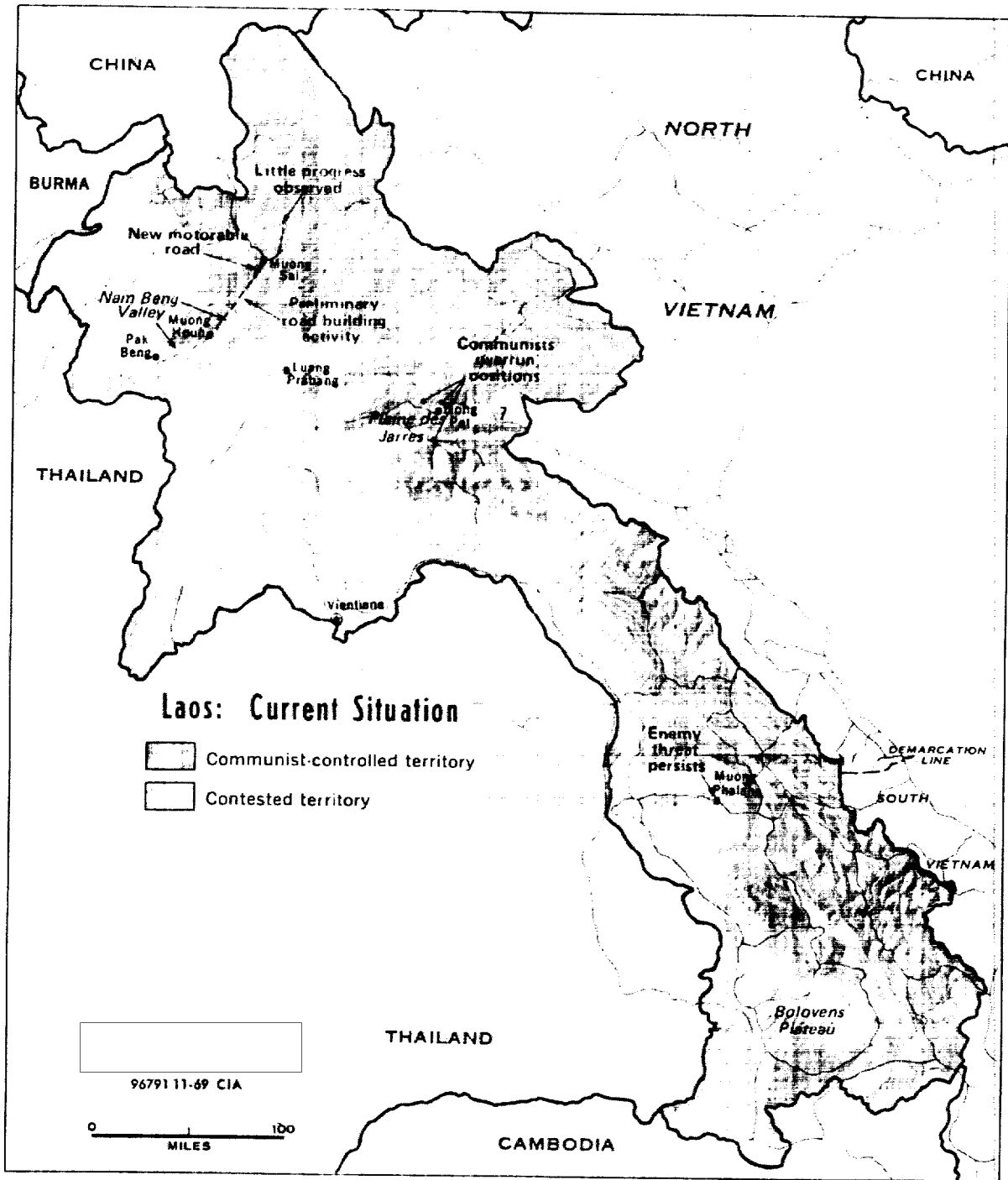
Many of Hanoi's ambassadors to other countries have recently returned to North Vietnam, some of them for reassignment. Although the recalls and reassignments appear to be routine, those diplomats who will be returning to overseas posts undoubtedly are being briefed on the regime's latest thinking on the war and the line they are expected to push abroad.

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LAO COMMUNISTS PUSH ROAD AND MILITARY ACTIVITIES

The Communists are attempting to mask Chinese involvement in road building in the northwest.

The Pathet Lao spokesman in Vientiane recently told a local reporter that the road building south of Muong Sai was entirely a Lao Communist effort.

Available evidence does not support this claim.

Chinese involvement in north Laos has caused a great deal of concern within the Lao Government. Prime Minister Souvanna might, however, elect to accept the road building in the Nam Beng Valley as Lao rather than Chinese activity in order to head off a diplomatic clash with China.

The construction has gone forward at a good pace this year. According to a Lao [redacted]

[redacted] construction crews had completed some 11 miles of motorable road southwest of Muong Sai by 18 November. [redacted]

[redacted] intermittent survey traces and clearing activity have now reached Muong Houn, some 50 miles south of Muong Sai. The Communists could have a rough, motorable road to Pak Beng within three or four months if they continue their present pace. Judging from the lack of progress on the branch of the road being built northeast of Muong Sai, it would appear that the current effort toward Pak Beng has a higher priority.

On the military scene, all signs point toward a higher level of enemy activity in coming weeks. In recent days the enemy has pushed the government out of a number of positions near the Plaine des Jarres, including one important position overlooking Route 7 near Nong Pet. The enemy's task has been made easier by poor weather conditions, which have forced a substantial cutback in the intensive air bombardment of the roads. In the south, enemy troop movements indicate that the Communists are preparing for another round of attacks against government positions in the Muong Phalane area. [redacted]

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SECRET**EUROPE**

Moscow is still saying very little publicly about the arms talks in Helsinki, where the Soviets are so far living up to their promise to proceed in a "businesslike" fashion. They apparently intended their ratification of the nonproliferation treaty in tandem with the US as a further earnest of their serious intentions. The dual ratifications improved the outlook for the NPT, which will enter into force when 19 more nations have ratified. Moscow is also remaining publicly uncommunicative on the status of the talks in Peking, although some signs of disenchantment over the possibility of early progress keep cropping up.

Both NATO and the Warsaw Pact are considering the possibility of a European security conference. This, and plans to promote an East-West detente, will be at the center of the NATO ministerial meeting opening on 4 December. Warsaw Pact leaders are also expected to convene soon in Moscow to consider European security and policy toward Bonn.

In the UN there has been some expression of support for the proposed Mexican resolution calling on the superpowers to stop further work on strategic weapons systems not yet operational. A Soviet official has said he is certain Moscow will take a dim view of the proposal.

The Soviets are continuing to push hard for favorable UN General Assembly action on their propagandistic draft resolution on "international security," which calls in part for the withdrawal of troops on foreign soil as a result of military action. There have been hints that the French may give support to Moscow on this issue.

The leaders of the six states of the European Communities will meet on 1 and 2 December to consider the future direction of the EC. Foremost on their minds will be the issues of financing the Common Agricultural Policy and opening accession negotiations with Britain.

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PEKING TALKS APPARENTLY STALEMATED BUT CONTINUING

The Sino-Soviet border talks in Peking continue amid increasing signs that the two sides are at loggerheads. The original air of careful optimism presented by Soviet officials has dissipated, and the first public break in Soviet silence on the difficulties at the talks has appeared.

Responding to questions at a public lecture in Moscow on 21 November, a speaker from the Novosti press agency said that the Chinese had adopted an "unreasonable position," and that they apparently had no desire for positive results from the talks. Although this statement was not picked up by Soviet media, it echoes opinions advanced privately by other Soviet officials.

Indications of a stalemate have also been received from the Chinese side.

The Chinese also used the occasion of the 20th anniversary of the establishment of Sino-Albanian relations on 23 November to launch their harshest propaganda attacks on Moscow since the talks began. A People's Daily editorial attacked "Soviet revisionist social-imperialism" for stepping up war preparations,

and a Chinese vice minister of foreign affairs delivered a stinging attack on the Soviets at a reception at the Albanian Embassy.

It is not known what specific issues are creating the deadlock, but the different approaches of the two sides to the talks are obviously a major factor. The Chinese appear to be primarily interested in some sort of formal military stand-down in disputed areas that would leave their charges and claims against the Russians intact, while the Soviets seem to want a negotiated settlement of the conflicting claims over the areas in dispute.

The talks are continuing, nevertheless, and each side is probably reluctant to break them off. Chinese officials continue privately to express concern over the Soviet military presence along the border, and must feel somewhat easier about Soviet intentions while the talks are in progress. Having made a considerable effort to get the Chinese to the conference table, the Soviets are obviously reluctant to quit without results. The talks could drag on for some time, therefore, even in a state of deadlock.

Regardless of the difficulties at the conference table, each side apparently is persevering in its efforts to keep the border quiet. No significant border incidents have been reported since August.

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COSMONAUTS DISCUSS SOVIET MANNED SPACE PROGRAMS

Cosmonaut training and Soviet manned spaceflights were discussed by cosmonauts G. Beregovay and K. Feoktistov while visiting the US last month.

Feoktistov stated that 52 cosmonauts are training in the USSR--about the same number as in the US program. According to the cosmonauts, Soviet space crews are primarily observers and experimenters. Because their function is different from that of US astronauts, they probably undergo much less training in spacecraft control. Their training is probably devoted more to the specific tasks they are to carry out on a mission. This would explain the cosmonauts' surprise at the complexity and sophistication of US manned spaceflight simulators. Their remarks indicated that most of a Soviet spacecraft's operation in orbit is automatically controlled.

Feoktistov, who is believed to be the chief Soviet spacecraft designer, implied that the Soviets consider unmanned spaceflights at least as useful as manned flights. He supported manned flights for scientific investigation, but only follow-

ing unmanned exploratory missions. He also reiterated the Soviet view that man should not be "burdened" with control of the spacecraft but should be free to conduct scientific observations.

The cosmonauts revealed very little concerning Soviet objectives in space. Feoktistov said the Soviets are mainly interested in earth-orbiting space stations but gave no indication of what the Soviets plan to accomplish with such a station other than to survey earth resources.

During the recent Soyuz 6, 7 and 8 mission, both cosmonauts participated from the control center near Moscow. They were reluctant to discuss the mission, probably because of its failure to accomplish its major objectives. The cosmonauts would only say that the mission was what they had planned even though not all its objectives were achieved. Soyuz 7 and 8 failed in several attempts to dock. The mission was not a total failure, however, because the Soviets did gain valuable experience in multiple spacecraft operations.

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LAG IN SOVIET STEEL INDUSTRY SPURS IMPORTS FROM WEST

The Soviet steel industry, the second largest in the world, is not building sufficient capacity to meet domestic demand for finished steel nor is it maintaining the technological pace set by the industrialized countries of the free world. Increasing imports of finished steel from the hard-currency countries of the West in recent years are a reflection of these problems.

Despite a fourfold production increase in Soviet crude steel since 1950, the average annual rate of growth declined from 10.6 percent in 1951-55 to an all-time low of 4.7 percent in 1968. This slowdown has doomed the fulfillment of the industry's current five-year plan targets (1966-70). These call for maintaining the rates of growth achieved in the early 1960s as well as substantially improving the quality and assortment of steel output.

Soviet economists trace the beginning of the slowdown to Khrushchev's campaign against the "metal eaters" in favor of the chemical industry. A lowered priority for the steel industry resulted in underinvestment in plant and equipment from which the industry has never recovered. Recently the ambitious investment goals for 1966-70 were reduced by about 10 percent despite government decrees calling for increased priority for the industry.

The cutback in investment is directly attributable to delays in

the construction of new capacity, a problem that plagues all branches of Soviet industry. Particular difficulties have been encountered in the construction of facilities that incorporate new technology, such as basic oxygen steel-making furnaces and rolling mills for the production of sheet and strip.

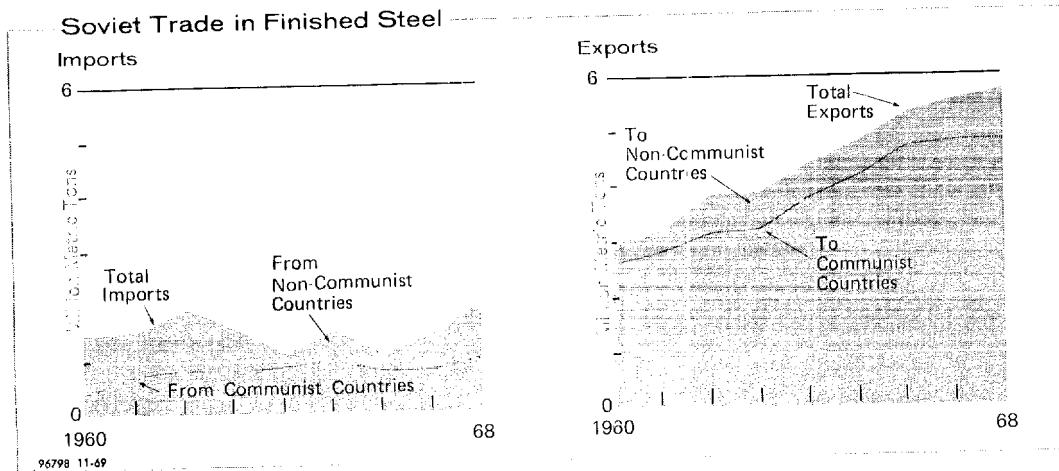
Poor planning and a lack of incentives are also partially responsible for the industry's unsatisfactory performance. Planning mistakes and a lack of coordination in the construction of complex production facilities have led to a wasteful dispersion of scarce resources over too many projects. Moreover, the introduction of new technology for production of better, lighter, and more diversified products often is discouraged because the main criterion for plant success is still volume of output.

Soviet difficulties in expanding and upgrading steel output have motivated the sharp rise in steel imports from the West since 1967. Most of these imports have been in the form of cold rolled sheet, light structural shapes, and large-diameter pipe. Soviet exports of finished steel to its Communist trade partners, four times greater than imports from the West, earn no hard currency for the USSR and have exacerbated the steel shortage.

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NATO FOREIGN MINISTERS TO MEET IN BRUSSELS

The semiannual ministerial session of the North Atlantic Council, which opens on 4 December, will be dominated by discussions of Alliance plans to promote East-West detente and of the War-

saw Pact's recent proposal for a general conference on European security.

It had been intended earlier that the meeting, looking toward

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a coordinated Western approach to negotiations with Eastern Europe, would focus chiefly on the selection of concrete issues that could be pursued over an extended period in both bilateral and multilateral forums. The Warsaw Pact's bid in October for an early conference--on much less substantial issues than the Allies are prepared to discuss--has somewhat disrupted these plans.

There is general agreement in NATO that the Communist appeal cannot be ignored, but there is far less cohesion on the substance and form of an appropriate Allied response. The UK and France share, for the most part, the US view that the Communist conference proposals are propagandistic, self-serving, and too unsubstantial to improve the security of Europe, and that NATO should point out the steps it has taken to initiate more meaningful East-West talks.

Canada and the Scandinavian countries, on the other hand, have argued that the Alliance should show a willingness to meet the Communists half way on any serious proposal to reduce international tension even though it is small in scope. Germany and Italy stand somewhere between these two viewpoints.

The public statement at the close of next week's meetings is unlikely to reflect a full resolution of these differences. Sufficient unanimity probably will be attained, however, to permit the issuance of a NATO communiqué effectively rejecting a premature European security conference, calling attention to the serious preparations the Allies have already made for wide-ranging negotiations, and specifically reaffirming NATO's readiness to enter into talks on balanced force reductions.

The ministers can also be expected to call upon the Warsaw Pact powers to show evidence of their good faith in seeking a relaxation of tensions by normalizing relations between the two parts of Germany, by improving the situation in and around Berlin, and by entering into more extensive economic, technological and cultural exchanges with the West. The ministers probably will make the point that progress in these areas would advance the prospects for eventual negotiations on the major questions of European security.

Proposals to the Communist nations are also likely to be made on cooperation in solving common environmental problems. In this connection, the Allies can be counted upon to make reference to their establishment of the Committee on the Challenges of Modern Society and their willingness to share the results of its work with all nations. The NATO members probably will make a specific proposal for cooperative work with the Eastern countries in the field of oceanography.

The finance and defense ministers of the Alliance will also be in Brussels next week, and the latter will meet in the important Defense Planning Committee, which includes all NATO members save France. They will consider the steps necessary to counteract the effects of next year's planned withdrawal of Canadian forces, and will review the military posture of the Alliance. They are also expected to approve two policy papers originated by the Nuclear Planning Group. These papers delineate the consultation procedures required for the decision to employ nuclear weapons and political guidelines for the use of tactical atomic weapons.

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ITALIAN LABOR UNREST CONTINUES

Small extremist forces that have tried to exploit the particularly widespread labor unrest in Italy this fall almost provoked police retaliation during a 24-hour strike on 19 November. The extremists were contained, however, and some progress toward new labor contracts has been made.

Nationwide strikes began last September with that of the metalworkers, numbering over a million, employed by private industry. Discussions on a new metalworkers' contract were stalemated for some time but resumed this month under prodding from the government. Short but frequent work stoppages, the so-called "hiccup strikes," are continuing. In addition to the metalworkers, the most important sector now involved is the chemical industry. In all, the contracts scheduled for renewal this fall--of which only a few have been signed--cover at least 3.5 million industrial workers, about one-half of Italy's industrial labor force.

Extremist forces, who oppose established political and labor organizations, had some success in inspiring wildcat strikes late last spring and early this fall. They also caused union leaders and many politicians, who were fearful of being outflanked on the left, to stiffen in their support of labor's demands.

The tougher union attitude was evident in the organization

of a widely successful general strike on 19 November to protest housing conditions. Housing actually has improved considerably in recent years, and further improvement seems likely to result from government recommendations announced on the eve of the strike for increased expenditures in the field.

Although the strike went off peacefully throughout most of Italy, in the small town of Fondi, south of Rome, extreme leftists reportedly occupied and set fire to the town hall in a clash with Communists. In Milan, extremist participation in the demonstration caused the death of one and the injury of some 50 other policemen.

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The government received sharp criticism for the labor disturbances, and political negotiations looking toward the reconstitution of a coalition to replace the incumbent Christian Democratic government of Mariano Rumor are continuing. The center-left parties are expected to determine shortly whether there will be an early try for a new government or whether the local and regional elections, now scheduled for next spring, should take place first.

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EUROPEAN SUMMIT FACES COMPLEX PROBLEMS

The leaders of the member states of the European Communities (EC), who will meet at The Hague on 1 and 2 December to consider the EC's future direction, have the chance to give European unity its biggest boost in a decade. It remains uncertain, however, whether they will seize the opportunity.

In the past few months, the Pompidou government appears to have moved steadily further from De Gaulle's flat opposition to British accession to the Communities. The primary condition it poses for the opening of negotiations--a "definitive" settlement of the agricultural financing problem--will be extremely difficult to satisfy, however.

The French, making it increasingly clear that their political veto on British entry no longer holds, recently went along with a report setting forth the requirements the British would have to meet before membership negotiations could begin. In addition to accepting the political objectives of the Rome treaties and the decisions already taken by the Communities, the British would be asked to accept any further decisions the EC may reach regarding its "internal development."

Paris is primarily interested in preserving the benefits that the Common Agricultural Policy (CAP) has brought to French agriculture. Besides insisting that the main principles of the CAP be retained as the Communities grow larger, the French want the arrangements for CAP financing, which expire this year, replaced

by permanent ones before negotiations on British accession begin. Moreover, Paris insists on the right of veto over changes in the agricultural settlement both during and after the period of negotiations.

There is some optimism in the Communities that a financing agreement can be achieved by the end of the year, although the obstacles are formidable. Some EC members are most reluctant to deal with the financing of CAP in isolation from more extensive reforms, although the Commission's recent proposals for dealing with the serious surplus problem while providing more funds for structural changes in agriculture may help overcome this hesitation. Another difficulty is the fear on the part of supporters of the British that a "definitive" settlement will not leave enough room to accommodate the CAP system to British entry.

The political problems related to these issues are also serious ones. Although the member states generally agree that the enlargement of the Communities must be accompanied by their "political" strengthening, they differ on how to accomplish this. There has been widespread disagreement on increasing the powers of the European Parliament, an issue tied to the financing question. In addition, the Commission has insisted that the possibility of taking decisions by majority vote be restored in an enlarged community, a view at variance with France's desire for an agricultural veto.

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SECRET**MIDDLE EAST - AFRICA**

Military activity along the Arab-Israeli cease-fire lines was fairly high during the past week. Egyptian commando raids across the Suez Canal did little serious damage, and both sides conducted air strikes along the waterway. Hostilities on the Jordanian-Israeli border were sporadic. Israel conducted a heavy air strike against Jordanian positions on 26 November.

An attempt to discuss Jordan's arms policy in the Chamber of Deputies recently resulted in a near uproar and provoked some strong criticism of the US. Some of the deputies called for severing relations with the US and for expelling certain US foreign service officials. It was also suggested that the government turn to the Communist bloc for arms. Jordan's frustrations are growing, partly as a result of the constant border conflict and harsh Israeli retaliation, including air attacks.

In Israel, Mrs. Meir continues her postelection negotiations to form a new government. She hopes to re-establish the previous "wall-to-wall" coalition that included more than 100 of the 120 Knesset members. She has been having some trouble in getting agreement between the left wing of her Labor Alignment and the rightist Gahal party, but she is expected to present the government in December.

In India, the Congress Party has now officially split into two rival factions. Over the weekend, Prime Minister Gandhi's faction deposed old-guard Congress president Nijalingappa and selected an interim president to serve until party elections are held next month. Mrs. Gandhi appears stronger than ever, but bitter infighting will continue as competition intensifies for control of the party's funds, records, and vote-getting election symbol.

In Pakistan this week, President Yahya Khan has been meeting with cabinet ministers and provincial governors to discuss the country's political stalemate. His long-awaited announcement of an election date and a new constitutional framework may come in a speech set for 28 November.

The Supreme Court in Ghana ruled this week, on the basis of a controversial constitutional provision barring corrupt persons, that opposition leader Komla Gbedemah is ineligible to sit in Parliament. The decision will have little effect in Parliament itself, but it is certain to reinforce fears among Gbedemah's fellow Ewe tribesmen that the government is determined to exclude all Ewes from power.

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PROSPECTS FOR EGYPTIAN ECONOMY HOPEFUL

Egypt has prospects for reversing the economic downturn that began a year before the Arab-Israeli War. Foreign-exchange resources now appear adequate to permit some increase in imports of industrial raw materials and investment goods. Forward economic momentum, however, could be hampered by an escalation of hostilities with Israel or by failure to maintain many of the austerity measures introduced after the war.

War and mobilization have resulted in an annual loss of \$30 million or more in industrial production. Continued border fighting and damage to the Suez oil refineries and fertilizer plants have reduced net foreign-exchange earnings, and tourist earnings have also been hard hit.

Most of the monetary losses, such as revenue from the Suez Canal have been offset, however, by annual aid payments from Arab countries. The USSR is helping by completing aid projects under construction and raising production levels at existing plants.

The war has provided the Egyptian Government with an excuse to force austerity measures on the population. Increased taxes curtailing consumption have permitted a slow increase in investment over the low level existing immediately after the war. Severe import restrictions have improved Egypt's trade balance. In fiscal 1969

the trade deficit was reduced to about \$150 million as export earnings rose sharply while spending on imports declined. The balance of payments improved sufficiently to add \$20 million to official reserves and to reduce short-term indebtedness by about \$50 million.

High cotton prices as well as low wheat import prices contributed to the improvement in the trade balance. Petroleum sales accounted for much of the surge in Egyptian exports, but this has been offset somewhat by the cost of imports of refined products and fertilizers after the destruction of the Suez refinery and damage to nitrogenous fertilizer plants.

Petroleum exports offer the best hope for additional foreign exchange earnings in the next several years. Sizable production increases are expected from the El Morgan field in the Gulf of Suez and in the western desert. If financing can be obtained for the proposed Suez Alexandria oil pipeline, additional revenue will be forthcoming.

Egypt now can look for some actual growth. Over the next few years the Aswan Dam and planned soil improvement programs will permit an expansion of cultivated area and higher crop yields. Increased output may permit increased agricultural exports. Industrial output could expand fairly rapidly

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if increased foreign-exchange earnings are spent primarily for raw materials and machinery.

Escalation of hostilities with Israel, which presently appear a likely eventuality, could

weaken or eliminate growth prospects, however. The main source of new foreign-exchange earnings--oil, the planned oil pipeline, and tourism--are all vulnerable to Israeli military actions.

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CYPRUS' PROBLEMS REMAIN UNSETTLED

A fragile peace has been maintained since late 1967 between Cyprus' ethnic Greek and Turkish communities, but little real progress has been made toward resolving the basic issues that divide the island's population. Preservation of the status quo depends largely on the presence of the UN peace-keeping force and on the continued use of restraint by Greece and Turkey.

The hope for a lessening of tension that developed with the apparent cordiality of talks between the spokesmen for the two communities, Glafkos Clerides and Rauf Denktash, has largely dissipated. Although both sides appear willing to resume the talks, which were interrupted by Denktash's recent illness, each claims that any further concession must come from the other side. The basic disagreement is over the structure of the local government. The Greek Cypriots want a system of regional administrations, staffed by members of both communities down through several echelons of government. The Turkish

Cypriots insist on continued complete local control of the enclaves they have occupied since late 1963.

The ever-present danger is that a minor incident could suddenly flare into a shootout between the armed elements of the two sides, which face each other across narrow boundaries at many points. Timely intervention by UN representatives has at times prevented such escalation, as it did most recently on 14 November when a Turkish Cypriot youth was wounded by a Greek Cypriot National Guardsman.

Actual or rumored moves by the contending sides also lead to charges and countercharges in the atmosphere of mutual mistrust. The extremist Greek-Cypriot press has frequently circulated stories of massive arming of the Turkish Cypriots, both by smuggling in weapons from Turkey and by manufacturing them in "arms factories" located in the Turkish-Cypriot enclaves. The Turkish-Cypriot side has maintained a running fire of press

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charges of plots hatched by its adversaries to "subjugate" or even "annihilate" its community. Clerides' recent "hunting" trip to Czechoslovakia is certain to provoke the Turkish-Cypriot community, arousing memories of the Czechoslovak arms sale to Nicosia in 1967 that preceded the international crisis later that year.

There has also been a resurgence of pro-enosis (union with Greece) terrorism. Thus far the bombings and assassination attempts have been directed against "traitors" and "compromisers" in the Greek-Cypriot community, but they have raised the question in the minds of the Turkish Cypriots as to whether the Makarios government is either willing or able to deal effectively with this group, the most extreme anti-Turkish faction on the island.

President Makarios' moves toward "normalization" and "pacification" appear grudging and highly selective to the Turkish side, and many of his public statements alarm the Turkish Cypriots or reinforce a conviction that he has no

sincere desire to work out a solution fair to them.

A bright spot in the situation has been the generally positive attitude adopted in Athens and Ankara toward the problem. Athens, since removing its "illegal" troops from Cyprus in early 1968, has sharply reduced its role as "protector" of the Makarios regime and has used whatever influence it has to urge a more forthcoming approach. Ankara, which exercises somewhat more control over the Turkish-Cypriot community, has also acted in a restrained manner.

The prospect of national elections sometime in 1970 could provide a diversion. If these are held, each community will probably vote separately. Slates and issues have not yet emerged clearly, but a polarization between right and left appears likely in the Greek-Cypriot community. Personal vendettas will also be a feature of any Greek-Cypriot campaign. If differences along any but personal lines arise on the Turkish Cypriot side, it will probably be between the hardliners and those who might consider some compromise with the Makarios regime.

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The Inter-American Economic and Social Committee (IA-ECOSOC) of the Organization of American States has ended its first week of deliberations in Washington. The newly proposed US policy toward Latin America has found general acceptance among the Latin delegates. Many of these same representatives, however, have argued strongly that the US should help resolve all hemispheric problems cited by the Latin Americans at Vina del Mar last summer. Thus far, the air of confrontation and frustration that marked earlier meetings of this type has been avoided. Latin American impatience with the progress of the conference is evident however, and it may be difficult to arrive at a consensus on the content of the final resolution or report.

Mexico's ruling party is claiming a landslide victory in the gubernatorial election in Yucatan. The small opposition National Action Party [redacted]

[redacted] has refused to concede, however. The contest was regarded as the first serious challenge at the state level to the party's monopoly of political power in Mexico. Some violence has occurred in the wake of the voting, and army troops have reinforced the police in taking over control of the state capital city of Merida. The opposition will probably propagandize the Yucatan affair throughout Mexico in order to gain sympathy for its national campaign against the ruling party's presidential nominee, Luis Echeverria, whose victory next year is nonetheless assured.

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In Brazil, the Catholic Church hierarchy is concerned over the arrest of members of the clergy charged with supporting leftist terrorist groups. At a meeting of bishops in southern Brazil, the prelates charged the government with torturing some of the arrested clergymen, and maintained that no proof of their guilt had been demonstrated. [redacted]

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If new cases are made public, the government could be subjected to severe criticism for violating basic human rights.

In a similar development, debate in the Paraguayan Chamber of Deputies over the alleged brutal treatment of students being held by the police degenerated into violence on the Chamber floor. Full accounts of the student problem and the "undignified" events in the Chamber are being publicized in the press.

The slow process of binding up the wounds left by last summer's El Salvador - Honduras dispute is continuing. In an atmosphere of somewhat reduced tensions, the Honduran and Salvadoran foreign ministers are scheduled to meet with the other three Central American foreign ministers in Nicaragua next week in an attempt to restore the Central American Common Market to its former effectiveness. [redacted]

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CHILEAN GOVERNMENT AIDS COMMUNIST PROPAGANDA

In an attempt to compensate for its inept handling of the recent army revolt, the Christian Democratic government is providing the fodder for a strident anti-US propaganda campaign by the influential Chilean Communist Party (PCCh). Officials have hinted both privately and publicly that they have "damaging information" of official US involvement in plotting by Chilean officers and far-rightists. Senator Renan Fuentealba, former president of the Christian Democratic Party (PDC) and confirmed critic of the US, made such allegations on a TV program last week. Another, more rational, PDC leader admitted that there is widespread suspicion in his party of US involvement. He referred vaguely to the copper and petroleum companies.

The PDC has allied itself with the Communists on such issues before. In this case the government is probably paying off for PCCh cooperation with it during the October army revolt led by General Roberto Viaux and during subsequent congressional charges of government "repression" at that time. Moreover, cabinet ministers reportedly have briefed Communist leaders regularly on recent events. Long-awaited military pay raises were announced last week only after consultation with the Communist-led labor confederation. The Communist labor leaders also demanded and got civilian wage readjustments that the government had hoped to postpone.

This alliance of convenience is more useful to the Communists than to the PDC because it strengthens the PCCh in its fight with the Socialist party, the most extreme faction of the leftist electoral coalition. The Socialists have strongly criticized PCCh collaboration with the government. Evidence of PDC cooperation is also valuable during the current Fourteenth National Congress of the PCCh. Attending the congress are 24 high-ranking foreign delegations, including a secretary of the Central Committee of the Communist Party of the Soviet Union.

Leaders of the PCCh, the best organized and most influential Communist party in Latin America outside of Cuba, made elaborate plans for the congress, which opened in the Chilean Legislative Palace on 23 November. They are anxious to demonstrate the political self-assurance that has given them high hopes of leading the leftist coalition to victory in the presidential election set for September 1970. The fear of a military coup, however, and expressions of discontent within party ranks as well as from the Socialists, have alarmed PCCh leaders. They no doubt are grateful to the Christian Democrats for aiding their all-out campaign against "a military solution," which the Communists believe could be devastating to their present political position but which some Socialists do not view so unfavorably.

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BRAZILIAN PRESIDENT DEFINES "DEMOCRACY"

President Medici has provided more information on the nature of the democratic political system he hopes to attain by the end of his term in 1974.

Medici told a national convention of the progovernment National Renewal Alliance (ARENA) on 20 November that his joining the party represented the start of the reconstruction of Brazil's political life. He added that ARENA's function was to give political support to the government, and stressed that his role in the party would be that of a "firm captain and not of an agile politician."

The new chief executive reaffirmed his faith in democracy as the ideal toward which he intended to work, but declared that the achievement of this goal depended more on the leaders of ARENA and of the opposition Brazilian Democratic Movement--the only other legal party--than on his personal actions in office. Medici described the parties as "schools of politics" in which citizens would discuss local issues and larger national problems. He said that only the most able and idealistic men should be selected by the parties for roles of leadership, and that these individuals should have formulated concrete programs to administer when they reach elective office.

By this method he hopes for the development of a new, truly Brazilian political system.

Medici's speech is perhaps the clearest definition yet of the political goals of the supporters of the 1964 revolution that brought the military to its dominant political position. He apparently believes politics is a means of producing a national consensus around high ideals and "great national goals" that have universal acceptance, and that personal ambitions and conflicting pressures by special interest groups have no constructive function in the political process.

The new President's desired political system bears little relation to politics as it has traditionally existed in Brazil. Some members of the heavily purged Congress have begun to complain about the numerous strictures placed on the body by the executive. If the legislators attempt to criticize the administration or to question the reality of the President's aspirations for democracy, the result could well be the closing of Congress or further purgings of offensive congressmen. This would not hamper the executive's ability to govern the country, but it would be a major blow to any hope of restoring even very limited democracy for a long period.

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TEMPO OF DOMINICAN ELECTION CAMPAIGN PICKS UP

The continuation of politically motivated violence has increased the mutual distrust between the government and its opponents. Military officers are anxious to retaliate against the left for continued assassinations of armed forces personnel while leaders of the major opposition party appear convinced that the government has embarked on a planned policy of repression.

The assassination of a popular army major on 20 November, followed by the slaying of a leftist student less than 24 hours later, underscores the current tempo of Dominican politics. In the absence of active campaigning for the presidential contest next May--a hiatus caused by President Balaguer's reluctance to announce his decision on whether to seek re-election--violence has been a feature of the early stages of the race.

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MILITARY UNREST CONTINUES IN BOLIVIA

President Ovando has been forced to admit that there are groups in the country so dissatisfied with the policies of his government that they are actively planning its overthrow.

The man most frequently mentioned as the leader of a plot to oust President Ovando is Third Division commander General Juan Lechin Suarez. A former cabinet official under the late President Barrientos recently told the US Embassy that he had first-hand knowledge that Lechin was planning to overthrow the government, probably with the support of at least some of the military officers currently serving in Ovando's cabinet.

General Lechin apparently is also counting on the backing of many of the younger army and air force officers.

The increasing frequency and apparent authenticity of coup rumors in La Paz finally prompted members of the government, including President Ovando, to comment on the reports. On 20 November Minister of Mines and Petroleum Quiroga denounced the existence of a conspiracy aimed at creating a "psychological mood among the

people" against the government. The following day reports appeared in the press to the effect that close supporters of the late President Barrientos would attempt a coup within the "next few hours or days." Minister of Government Ayoroa commented on this report, saying that he was aware of the rumors but that the government had the situation completely under control.

President Ovando himself then gave a short press conference in an effort to neutralize the rumors and dispel the growing uneasiness. He confirmed that "subversive preparations" existed and intimated that Gulf Oil Company might have some role



MARCELO QUIROGA SANTA CRUZ
MINISTER OF MINES AND PETROLEUM

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in them. He called on the conspirators to abandon their plot, saying that "they still have time." Regarding the alleged leadership of General Lechin in the conspiracy, Ovando stated that Lechin had been approached regarding the plot but, rather than have his name associated with it, had asked permission to "leave the country." The La Paz newspaper Presencia reports that General Lechin will leave in December to become Bolivia's ambassador to Great Britain.

The report that General Lechin will leave for Great Britain has not been confirmed. If he does leave the country, it may set back plans to remove Ovando, but will not halt them entirely. The number of armed forces officers disenchanted with the Ovando government continues to grow, and there are several army officers, of both radical and moderate leanings, who are capable of assuming the

leadership of a move to depose President Ovando.

Much of the military's dissatisfaction is focused on the increasingly important role in the government played by Minister of Mines Quiroga. Quiroga has become the self-appointed spokesman for the government on a variety of issues and is held largely responsible for the nationalization of Gulf Oil and the leftist trend of the Ovando government. He has initiated an almost daily dialogue with the press in which he frequently levels accusations at those he views as enemies of the "revolution." The US Embassy comments that Quiroga appears to be setting the stage for a public inquisition and that the increasing shrillness of his revelations and accusations may soon consolidate in him and his allies the *de facto* power to decide the fate of Bolivians through publicity and other extralegal "revolutionary" measures.

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